

Budget Period: 2015-17

Budget Level: ML2

Recommendation Summary Text:

Agency XXX is requesting additional funding in the 2015-17 biennium to accommodate an increase in the rates charged by Consolidated Technology Services (CTS) for Network Services including connections to the State Governmental Network (SGN) and the internet.

Narrative Justification and Impact Statement

Since FY 2012, revenue to CTS for network services has declined by 31.4%. Most of this decrease is the result of a rate reduction in port charges implemented in November, 2011 as a cost savings measure for customer agencies. Over this same period, CTS has reduced its network expenditures by 6.9%. CTS has not changed its port charges since November, 2011. As a result, the state networks managed by CTS have incurred a net loss of \$6.3 million. CTS is no longer able to sustain this rate structure; the balance in the revolving fund that supports CTS has been consumed by rate reductions and appropriations out of the fund. Because network services are critical to state and local government operations, CTS is proposing to restore revenue commensurate with customer agencies' use of network connections and services.

What specific outcomes does the agency expect?

This is a maintenance level request that assumes no increased utilization or functionality from the state's networks managed and delivered by CTS. The rate increase requested by CTS is to restore a 31% reduction in the charges for network ports that was implemented in the fall of 2011 and has continued.

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

(Customer agencies might want to enter their own narrative. The following is from the CTS DP.)

CTS has a strategic goal of consistently managing all state-wide networks end-to-end in a consolidated fashion. Networks would be operated under an optimized cost model and provide high reliability and security; efficient network sharing and; strategic capacity and performance planning.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Network operations and capacity are critical for the Governor's priorities of reducing congestion and pollution associated with commuting to work.

As noted in the Governor's Executive Order 14-02, expanding telework opportunities supports the following:

Results Washington outcome measure 3.2 of Goal 2: Prosperous Economy: Telework opportunities support an increase in the percentage of Washingtonians using alternative transportation commute methods.

Results Washington outcome measure 1.2 of Goal 5: Efficient, Effective, and Accountable Government: Telework opportunities will increase Washington's rank as an employer of choice from 63% to 66% by January 2016

Results Washington outcome measure 3.1 of Goal 5: Efficient, Effective, and Accountable Government: Network operations and capacity will support an increase in the amount of data available in downloadable and searchable formats.

Results Washington outcome measure 1.1 of Goal 3: Sustainable Energy and a Clean Environment: Telework opportunities reduce transportation-related greenhouse gas emissions.

Results Washington outcome measure 1.2 of Goal 3: Sustainable Energy and a Clean Environment: Efficient Network operations in the state-of-the-art State Data Center reduce greenhouse gas emissions from electrical energy consumption.

What are the other important connections or impacts related to this proposal?

Nearly all of the computer data transported in state government—including city, county, tribal, and educational network traffic—is combined onto the Wide Area Network infrastructure managed by CTS. The network is operated and monitored 24 hours a day 7 days a week. This function is critical to the operation and security of state and local government.

What alternatives were explored by the agency, and why was this alternative chosen?

Agency XXX is requesting this funding based on information provided by CTS. CTS is submitting a revenue request that, if approved, will result in rates to customer agencies that are approximately 30% higher than the amounts charged in the 2013-15 biennium.

What are the consequences of adopting or not adopting this package?

If CTS receives approval to increase its network rates and this package is not funded, Agency XXX will incur \$xx that will have to be diverted from other areas/programs/priorities. If CTS does not increase its network rates, then network operations, security, and connectivity will be drastically reduced or eliminated.

What is the relationship, if any, to the state's capital budget?

N/A Although, it would be efficient if network planning and budgeting were more closely tied to the capital budget planning and leased facilities planning processes.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

N/A

Expenditure and revenue calculations and assumptions

To be entered by the agency (using total expenditure data provided by CTS) or by OFM.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing. Budget impacts in future biennia are dependent on utilization of network services and potential changes in pricing (up or down).